What is the 504 Refinance for Expansion Program?

The Refinance for Expansion Program is a permanent addition to the 504 Loan Program, that allows for the refinance of existing debt with the expansion of a new project.

Who can qualify?

- Businesses expanding on an existing project
- Most for-profit, small businesses in the U.S.
- Businesses with at least two years of operations
- Net worth less than $15.0 million
- Net profit after tax (2 year average) of no more than $5.0 million (including affiliates)
- Borrower cannot be more than 30 days past due during the past 12 months on payments on the note being refinanced
- Business must occupy at least 51% of its property at the time of application

Eligible use of funds

- The purchase of land, including existing building(s)
- The purchase of improvements including grading, street improvements, utilities, parking lots, and landscaping
- Construction of new facilities or modernizing, renovating, or converting existing facilities
- The purchase of long-term machinery & equipment
- The debt to be refinanced may not exceed 50% of the new expansion costs, not to include any equity in the real estate.
- Debt may consist of 1 or more loans belonging to an OC, EPC, or both
- Debt refinancing must provide a substantial benefit to the borrower

Ineligible use of funds

- Cannot be used for working capital, inventory, or intangibles.

Interest rates and terms

- Fixed-Rate - based on Treasury Rates
- Real Estate - may be 10, 20, or 25-year term
- Machinery & Equipment - may be 10, 20, or 25-year term (based on useful life)

Maximum gross debenture (SBA portion)

- $5.0 Million (Typical Project)
- $5.5 Million (Manufacturers)
- $5.5 million (if certain Green Initiative Public Policy Goals are met)

Benefits for lenders

- Increases lender’s funds on older projects to augment new lending projects

Benefits for Borrowers

- Financing available up to 90% of the amount being refinanced
- Equity contribution can be as little as 10% of the property’s value
- Lower payments on refinanced loan, at a low, fixed interest rate

Questions? Contact us for more information:
PeopleFund.org/SBA-504-Loan or 1-888-222-0017